

**SIDE LETTER TO  
MEMORANDUM OF UNDERSTANDING  
BETWEEN NATIONAL CITY MUNICIPAL EMPLOYEES' ASSOCIATION, SEIU  
LOCAL 221 AND THE CITY OF NATIONAL CITY**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Effective January 1, 2013, the City of National City (City) shall comply with the provisions of Assembly Bill 340: Public Employee Pension Reform Act of 2013.

Consistent with the provisions of Government Code Section 7522.20 (a) and 7522.30, the City shall establish a third retirement formula for miscellaneous employees represented by the Municipal Employees' Association (MEA); and a standard of equal cost sharing of the normal cost of retirement benefits, respectively.

This side letter will serve both as a supplement to Article 18 of the Memorandum of Understanding (MOU) and as the controlling document for issues related to the retirement benefits formula and cost sharing methodology for employees hired on or after January 1, 2013.

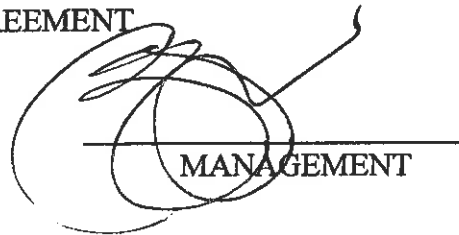
**ARTICLE 18: PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**4. Employees hired on or after January 1, 2013:**

- A. New members to the public retirement system as defined by Government Code Section 7522.10 (f) (1)(2)(3)
  - a. Shall pay 50% of the normal cost of the defined retirement benefit contribution as determined by CalPERS according to the most recently completed valuation period.
  - b. The retirement formula will include 2% at 62 years of age and the "Three Year Averaging" provision.
- B. Existing or "classic" members of the retirement system shall be placed in the same retirement formula and pay the same reportable compensation to PERS as those employees hired on or after March 22, 2011.

TENTATIVE AGREEMENT

  
UNION

  
MANAGEMENT